

MUTUAL BENEFIT CORPORATION -**JUDICIAL LIENS**

2009 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies the Utah Revised Nonprofit Corporations Act and lien provisions to address the execution of a judicial lien against the water rights and related assets of a mutual benefit corporation.

Highlighted Provisions:

This bill:

- defines terms; and
- imposes limitations on executing a judicial lien.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

16-6a-119, Utah Code Annotated 1953

38-5-2, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **16-6a-119** is enacted to read:

16-6a-119. Execution against a mutual benefit corporation.

(1) As used in this section:

(a) "Judicial lien" means one or more of the following:

(i) a judgment lien; or

(ii) other lien obtained by a judicial or equitable process or proceeding.

(b) "Water right" means:

(i) a right to use water evidenced by a means identified in Section 73-1-10; or

(ii) a right to use water under an approved application:

(A) to appropriate;

(B) for a change of use; or

(C) for the exchange of water.

(c) "Water right or related asset" means a water right or title to:

(i) a water conveyance facility; or

(ii) other asset of a mutual benefit corporation necessary to divert or distribute water to its members.

(2) Except as provided in Subsection (3), a court may not do the following with regard to a judicial lien recorded against the water rights and related assets of a mutual benefit corporation earlier than 180 days after the day on which the judicial lien is recorded or takes effect:

(a) execute the judicial lien;

(b) impose a levy as a result of the judicial lien; or

(c) force the sale, transfer, or change in ownership of the water rights and related assets pursuant to the judicial lien.

(3) This section does not apply to a judicial lien related to a cause of action brought against a mutual benefit corporation by a shareholder under Section 73-3-3.5.

Section 2. Section **38-5-2** is enacted to read:

38-5-2. Judicial lien against water rights and related assets of a mutual benefit corporation.

(1) As used in this section:

(a) "Judicial lien" is defined in Section 16-6a-119.

(b) "Mutual benefit corporation" is defined in Section 16-6a-102.

(c) "Water rights and related assets" is defined in Section 16-6a-119.

(2) A judicial lien against the water rights and related assets of a mutual benefit corporation is subject to Section 16-6a-119.